

Agenda – Llywydd's Committee

Meeting Venue:

For further information contact:

Video-conference via Zoom

Meriel Singleton

Meeting date: 22 January 2024

Committee Clerk

Meeting time: 11.45

0300 200 6565

SeneddLIC@senedd.wales

Pre-meeting

(11.30 – 11.45)

1 Introductions, apologies and substitutions

2 Scrutiny of the Electoral Commission supplementary estimate 2023/24

(11.45 – 12.45)

(Pages 1 – 11)

3 Motion under Standing Order 17.42(vi) to resolve to exclude the public from the remainder of the meeting

4 Scrutiny of the Electoral Commission supplementary estimate 2023/24: Consideration of evidence

(12:45 – 13:00)

5 Paper to note

(Pages 12 – 17)



Document is Restricted

Professor Dame Elan Closs Stephens

Chair

Electoral Commission Wales

By e-mail

Dyddiad | Date: 29 November 2023

Pwnc | Subject: The Electoral Commission's supplementary budget 2023/24

Dear Elan,

The Llywydd's Committee has arranged an additional meeting on 22 January 2024 for the scrutiny of the Electoral Commission supplementary budget 2023-24 request.

In advance of this consideration, the Committee noted in the meeting on 7 November that Shaun McNally confirmed in response to Llyr Gruffydd MS' question that the £1500 cost of living payment, included in the supplementary request, has already been made to Electoral Commission staff. Shaun McNally also indicated that you would not be able to fund the cost of living payment without additional funding through the supplementary budget process. To aid the Committee's consideration of your request, please can you or Shaun McNally, as the Accounting Officer, provide assurance on the regularity and propriety of making this payment in advance of a supplementary budget having been agreed by the Senedd.

I have copied this letter to the Speaker of the House of Commons and to the Presiding Officer of the Scottish Parliament, due to the crossover of responsibility for agreeing funding between the different parts of the Commission.

Yours sincerely



David Rees MS Chair, Llywydd's Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg/ We welcome correspondence in Welsh or English.

David Rees MS
Chair
Llywydd Committee
By e-mail

12 December 2023

Dear Mr Rees

Dame Elan has asked me to respond to your letter to her of 29 November, to provide assurance over the regularity and propriety of the Commission's £1500 cost of living payments as part of its 2023 pay settlement with its staff.

As you will know from wider discussions, it has been particularly challenging to reach fair pay settlements this year across the public sector. Increases in inflation have far outstripped forecasts and – crucially – provisions made in budgets at a far earlier time. The Commission set its own budget for the year back in October 2022, building provision for a pay award of 4% into its 2023/24 budget, based on the widely held view at that time that inflation would significantly reduce. This provision was reasonable in the context of the situation and forecasts of the time, and took into account the appropriate Civil Service Pay Remit guidance, given the legal obligation placed on the Commission to have regard to the context of pay arrangements for the UK Civil Service when determining its own pay arrangements. The decision was fully considered and approved at Executive and Board levels. It was consistent with broadly contemporaneous provisions made by other public sector bodies.

Over the following months the impact of continuing high inflation on the cost of living resulted in the Civil Service Pay Remit Guidance being updated – though not until June 2023 – to allow pay flexibility of 4.5%, plus an additional 0.5% to be targeted at lower pay bands. Both unexpectedly and unusually, it also allowed for a fixed non-consolidated payment of £1,500 per full-time employee, which then became part of the final civil service pay settlement for 2023.

The obligation on the Commission to have regard to pay arrangements across the Civil Service remained, but we were also concerned by the impact of inflation on the cost of living of our staff, and that failure to also implement the £1500 payment would increase the challenges in attracting and retaining key staff, and thus increase to deliver our key functions.

The decision to align directly with Civil Service settlements was made with a clear understanding that it might entail a combination of measures to balance its overall budget, including curtailment of specific activities, and the pursuit of a supplementary estimate. The decision was thoroughly scrutinised by the Commission's Remuneration Committee (RemCo), where affordability considerations were integral to the broader evaluation of competing pressures and risks to the delivery of key functions.

With the decision to make the £1500 payments made, the Commission has considered the desirability of cutting or curbing activities and come to the view that the alternative of

including the additional costs in its supplementary estimate is more in-line with its obligation to maintain its core functions without unacceptable risks to their delivery. The limited options available to the Commission to reduce spend in the remaining months of the year would all have a disproportionate impact including beyond the financial year – such as not running our annual tracker survey, not filling vacant roles, and cutting all travel to engage with local authorities.

In summary, the one-off payment, mirroring the Civil Service's agreement, was made for legitimate reasons and followed appropriate governance processes. It adhered to the expectation that the Commission align its pay settlement with the Civil Service. The decision-making process was documented, adhered to clearly defined criteria, underwent scrutiny for fairness under employment legislation, and received full oversight from the Commission's Board.

I trust that the above provide the reassurance you seek, and demonstrates that the Commission's commitment to probity, appropriateness, and transparent governance in managing staff remuneration.

Yours

DM

Director of Finance and Accounting Officer

Response to the Llywydd's Committee – office relocation and report recommendations

As part of its scrutiny process of the Electoral Commission's 2024/25 estimate, the Committee asked the Commission to provide some additional information relating to our forthcoming office move. This detail is included here alongside some information on finance procedures and future working.

Electoral Commission, Wales - office relocation

a. Exit from Companies House and dilapidations

On 19 September 2022 the lease for the Electoral Commission, Wales at Companies House expired and we extended our stay under a licence to occupy. This licence was further extended on 19 September 2023.

The current premises provide desk space for nine people with 13 members of the Commission's staff currently based in Wales (excluding the Electoral Commissioner). This means that the current space does not allow the Wales team to work together at any one time and limits when other Wales-based staff can attend.

The Commission looked to find alternative premises that could accommodate the full team (as well as any other colleagues based in Wales or visiting the office) when required, and our initial hope was to find a larger space within Companies House. We engaged with the Government Property Agency who were confident that they could find an alternative space within the building. This process was then delayed due to Companies House being unable to advise the GPA of space availability until April 2024.

The Commission was then informed of the GPA's intention to sell Companies House, which resulted in having to look at alternative office space away from the building.

We suggested to the GPA that the Commission should be exempt from paying dilapidation costs on vacating the premises, which was agreed. As an interim measure, we negotiated a rolling one-month licence to occupy which allows to only provide a one month notice period to vacate the premises.

b. Premises search

We initially contacted a variety of property agents in the public and private sector to assess market availability. No appropriate public sector premises were identified as part of this exercise.

An excess of 15 premises were viewed and assessed based on location, size, local amenities, rental costs and scope of potential fit-out. Following the assessment three premises were included as part of a shortlist and James William House was chosen as the preferred option (please see Appendix for further information).

c. Fit-out programme

The professional market was tested and four fit-out contractors submitted tenders for the works, with the costs varying significantly. The successful contractor submitted the lowest costs, which were £21.4k lower than the next lowest contractor, and £62k lower than the highest.

The fit-out works are scheduled to commence during the first week of January 2024 and are expected to take 6-8 weeks. These works will include the installation of new air-conditioning, the updating of the LED lighting, the repositioning of a wall to create extra space within the main office which will also enable the reconfiguration of the toilets and installation of a shower. The office space will comprise of 16 workstations, a meeting room with a retractable wall that will enable the space to switch between 1 and 2 meeting spaces that can accommodate 16 people. A breakout area will be created that can be used for collaborative project work, as well a space for private 1-to-1 meetings and also a meeting booth for meetings that do not require privacy. A kitchen and dining area will be incorporated into the office space, and staff will benefit from improved network connectivity and videoconferencing facilities.

The new premises will allow us to:

- Offers potential for future growth both in terms of the Wales team and for other EC staff who would want to be based in Wales.
- Host meetings of various groups (e.g. the Wales Electoral Coordination Board, the Senedd Political Parties Panel etc) within the office rather than having to rely on virtual meetings or pay for external venues.
- Work as a full team within the office space
- Allow other colleagues based in Wales with the flexibility to work from the office on their chosen day
- Allow colleagues based in other offices the option to visit and work from the office space in a more flexible way

d. Accessibility

The Committee asked about accessibility arrangements within the new premises. All elements of the fit-out will have accessibility in mind, which will include wheelchair accessibility, at least two sit to stand desks and DDA compliant kitchen worktops. The office will benefit from both new LED lighting and air-conditioning, which is a significant upgrade on the office space at Companies House. Disabled bathroom facilities will also be included.

Companies House (current premises)

Current Licence Fee	£20,276.76 per annum. This cost is zero rated for VAT.	We do not have a lease at Companies House and have been on a licence to occupy since 19 September 2022. Under this agreement we pay a monthly licence fee of £1,689.73 per month, which is inclusive of all utilities, rates, Government Property Agency (GPA) fees, and Facilities Management fees.
Floor Area	1,162.5 ft ²	The current cost per square foot is £17.44.
Previous Rent	£10,556.00 per annum. This cost was zero rated for VAT.	This was the rent payable up until the end of our previous lease.
Previous Service Charges	£9,173.32 per annum. This cost was zero rated for VAT.	This was the amount paid during the final 12 months of the previous lease.
Previous Business Rates	£4,174.56 per annum. This cost was zero rated for VAT.	This was the amount paid during the final 12 months under the previous lease.
Total Costs	£23,903.88 per annum. This cost was zero rated for VAT.	This was the combined costs for the rent, rates and service charges during the final 12 months of the previous lease.
Total Cost per Square Foot	£20.56.	This is based upon the overall costs for rent, rates and service charges.

James William House (new premises)

Proposed Rent	£44,160.00 (including VAT)	This is the annual rent stated in the draft lease. This rental cost would commence at the beginning of year 2, following a reduced rental cost in year 1. The cost per square foot is £19.20 per including VAT.
Proposed Rent (year 1)	£14,719.20 (including VAT)	The draft lease offers a reduced annual rent in year 1. This reduced level of rent is instead of a rent-free period.
Proposed Service Charges	£13,800 (including VAT)	The proposed service charge cap is £6 per square foot (inc VAT) per annum, and the cost shown is based upon the maximum charge for year 1.
Proposed Business Rates	£17,120	The figure shown is an estimate provided by the landlord. Business Rates are usually zero VAT.

Floor Area 2,300 ft²

Additional Running Costs

Electricity Not currently known

Cleaning Not currently known

Financial processes within the Electoral Commission

a. Commission funding for 2024/25: addressing the issues of under-investment

The Commission has identified several areas of underinvestment that demand immediate attention to fortify our operations:

Cybersecurity Infrastructure: In light of a recent sophisticated cyber-attack on the Commission, it has become imperative to fortify our cybersecurity measures. The evolving landscape of cyber threats necessitates staying at the forefront of technology. Therefore, a substantial portion of the increased investment we seek is earmarked for ongoing enhancements in cyber resilience. It's crucial to acknowledge that the dynamic nature of these threats may require additional investment in the subsequent years to effectively manage emerging risks.

Financial and Procurement Capability: To ensure value for money, we plan to bolster the capabilities of our accounting and procurement teams. This strategic investment aims to elevate standards in commercial transactions and refine our internal financial accounting, budgeting, and monitoring functions. Concurrently, the expansion of our internal audit services mandates absorbing increased fees for more insight and testing, as does our external auditors, the National Audit Office, following heightened testing during the 2022/23 closure of accounts.

Human Resources Development: Investing in our human resources functions is pivotal for advancing data collection and monitoring related to equality, diversity, and inclusion. This initiative will inform our recruitment and staff retention processes, fostering a workplace that values diversity. Additionally, we are committed to enhancing learning and development opportunities for our workforce, aligning with our commitment to employee growth.

All proposed enhancements are underpinned by a resolute commitment to value for money and exemplary governance practices.

b. Engagement in the funding of the Commission in 2025/26

Looking ahead to the fiscal year 2025/26, the Commission remains steadfast in promptly informing the Llywydd's Committee of any financial pressures that may necessitate seeking supplementary funding. We will diligently pursue mitigations to financial pressures, aligning our actions with the expectations placed on the Commission. Furthermore, we are eager to share in-year performance details and invite further engagement to ensure transparency and mutual understanding.

In conclusion, we sincerely appreciate your continued support, and we are dedicated to fostering open and transparent dialogue. Your funding is instrumental in achieving our strategic objectives, and we look forward to your ongoing partnership.

3. Future communication between the Commission and the Committee

In response to recommendation 3, we are committed to ensuring that the Committee are regularly updated on our work to ensure effective scrutiny. In 2024 we propose a series of regular meetings to ensure decisions impacting the estimate are relayed promptly. A provisional programme for these meetings is included below. We will also ensure that we provide additional written updates on any emerging issues.

Period / 24	Agenda items
Q1	Follow up scrutiny session on 2023 supplementary estimate
Q2	Update on operational and corporate planning and discussion on KPIs (including evaluation of regulatory activity) Introduction to new Chief Executive
Q3	PCC election wash-up Annual report and accounts
Q4	Financial scrutiny session on 2025/26 estimate

Appendix: Premises Search – Further Information

Premises	Size (sq ft)	Advertised Annual Rent	Cost (per sq ft)	Car Parking Spaces	Specification	Notes	Rent Free Period
James William House	2,300	£59,400	£25.83	3	City Centre Comfort Cooling LED lighting	This 4 th floor office space was the ideal size to incorporate all of the necessary requirements to bring the office up to the standard of the London office. 6 additional workstations, breakout areas, improved meeting areas and accessibility. During lease negotiations the landlord offered a lower rent, which is £44,160 inclusive of VAT (£19.20 per sq ft).	8 months from commencement of lease. Additional 6 months at year 6.
Southgate House	1,886	£55,260	£29.30	1	City Centre Comfort Cooling	The space at Southgate House had potential, however significant fit-out works would have been required. The lighting needed to be upgraded to LED and the space would not allow for an adequate uplift in available workstations. The communal areas were dated and required a significant, and the route to the office from the main reception would not be ideal for staff and visitors with mobility issues.	None offered
Helmont House	2,089	£76,249	£36.50	4	City centre Air conditioning	Initially the preferred option. Defects were reported to the landlord that would require remedial work, however the landlord was slow to engage and resistant to conduct some of the works. Issues with water supply and essential infrastructure (air-conditioning and swipe card access controls located in a riser cupboard within another tenant's demise)	None offered